



METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Programming and Allocations Committee

DATE: July 12, 2006

FR: Executive Director

RE: Bay Area Infrastructure Financing Authority, Joint Powers Authority between the Metropolitan Transportation Commission and Bay Area Toll Authority – MTC Resolution No. 3769

Staff recommends that the committee refer MTC Resolution No. 3769 to the Authority for approval to establish a Joint Powers Authority (Bay Area Infrastructure Financing Authority) between BATA and MTC for the financing of the state contribution to the toll bridge seismic retrofit program and other potential transportation improvement projects. A corresponding resolution (BATA Resolution No. 70) is on the agenda of the July 12th meeting of the BATA Oversight Committee for MTC's approval of establishing the Bay Area Infrastructure Financing Authority.

An important part of the approved BATA financing program is to fund the state payments, which for legal reasons cannot be completed by BATA alone. This funding is accomplished through a financing structure secured exclusively by the state payments. This financing of state payments accomplishes a number of project goals, including:

- Provides earlier funding for current construction needs
- Allows for the raising of up to \$1 billion in construction proceeds, without tying the payments to Toll Revenues.
- Allows BATA to expand its own insurance capacity.
- Debt service is completely paid by funds provided through the state; no toll funds are used to make debt service payments.

The ability to utilize a revenue source other than tolls for up to \$1 billion in construction needs will allow BATA to keep some toll capacity in reserve for future unforeseen contingencies.

Procedurally, a financing authority issuance will be very similar to a BATA financing. The financing authority will approve the documents and financing structure to be secured by the state payment stream. The bondholders will have a secured right to payment secured by the state payments, but not toll revenue under the control of BATA. Bondholders of the state funding bonds will not have any legal recourse against any revenue stream held by BATA or MTC. As such, while creating the financing authority provides significant financial flexibility, it will not increase financial liability for MTC or BATA.

JPA financing structures are relatively common in California providing valuable financing tools for infrastructure projects as well as legal protections for the JPA members. MTC has entered into a similar JPA structure with BART for the purpose of financing rail extensions.

In December 2005, the California Transportation Commission (CTC) adopted a schedule of contributions for the \$1.3 billion in future state payments that is shown in the table below. Under the law, the CTC is allowed to revise this schedule but must make payment in full by FY 2013-14. Accordingly, the BATA finance plan does not contemplate securitizing the entire state contribution due to the “appropriations risk” that the CTC can rearrange or delay payments by revising the current schedule.

Appendix D.

California Transportation Commission TBSRP Contributions, Revised December 2005.

Schedule of Contributions to the Toll Bridge Seismic Retrofit Program (\$ million)

Source	Description	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Total
AB1171	SHA Contribution	290									290
	PTA Contribution	80	40								120
	HBRR Contribution	100	100	100	42						342
	Contingency				1	99	100	100	148		448
AB 144	Efficiency Savings	2	8				53	50	17		130
	Motor Vehicle Fuel Account	75									75
	Spillover Transfer		125								125
	Demolition Cost									300	300
	Total	547	273	100	43	99	153	150	165	300	1830

The Financing Authority Agreement between MTC and BATA, attached is Attachment A to MTC Resolution No. 3769, specifies the purpose of the Authority as well as the composition of the 6 person governing board (Chair and Vice Chair of MTC, Chair and Vice Chair of the BATA Oversight Committee and the Chair and Vice Chair of the MTC Programming and Allocations Committee). The Agreement also is written broadly enough that the JPA could serve as a vehicle to finance other Bay Area infrastructure projects in the future if the need arises.

We request referral of MTC Resolution No. 3769 to the Authority for approval.

 Steve Heminger

Date: July 26, 2006
W.I.: 1152
Referred by: PAC

ABSTRACT

Resolution No. 3769

This resolution approves a Joint Exercise of Powers Agreement between the Bay Area Toll Authority and the Metropolitan Transportation Commission for the creation of the Bay Area Infrastructure Financing Authority. Discussion of this action is contained in the Executive Director's Memorandum to MTC, dated July 12, 2006.